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from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

- d. **Nuclear Hazard** – Nuclear reaction or radiation, or radioactive contamination, however caused. But if nuclear reaction or radiation or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.
- e. **Utility Service Failure** – The failure of power or other utility service supplied to the "described premises", however caused, if the failure occurs away from the "described premises." But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- f. **War and Military Action**
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- g. **Water**
 - (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (2) Mudslide or mudflow;
 - (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings; or

(4) Water that backs up or overflows from a sewer, drain or sump but only if Back-Up of Sewers and Drains is shown as "Excluded" in the Declarations.

But if water, as described in A.1.g.(1) through (4) results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Delay, loss of use or loss of market
 - b. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - c. (1) Wear and tear.
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.
 - (3) Smog.
 - (4) Settling, cracking, shrinking, expansion.
 - (5) Nesting or infestation, or discharge or release of waste products by insects, birds, rodents or other animals.
 - (6) The following causes of loss to Personal Property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.c.(1) through (6) results in building glass breakage or a "specified cause of loss," we will pay for the building glass breakage or the loss or damage

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- caused by that "specified cause of loss."
- d. Explosion or mechanical breakdown of steam boilers, steam pipes, steam engines, steam turbines, or their accessories or components, owned or leased by you or operated under your control. But we will pay for:
 - (1) Any loss or damage caused by fire or combustion explosion that results from explosion of steam boilers, steam pipes, steam engines or steam turbines; or
 - (2) Any loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - e. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
 - f. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
 - g. (1) Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (a) Acting alone or in collusion with others; or
 - (b) Whether or not occurring during the hours of employment
 - (2) This exclusion does not apply to:
 - (a) Acts of destruction by your employees, except that theft by employees is not covered; or
 - (b) Acts committed by carriers for hire or anyone claiming to be a carrier for hire.
 - h. Rain, snow, ice or sleet to personal property in the open.
 - i. Collapse. But
 - (1) If collapse results in a Covered Cause of Loss at the "described premises", we will pay for the loss or damage caused by that Covered Cause of Loss.
 - (2) We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:
 - (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
 - (b) Hidden decay;
 - (c) Hidden insect or vermin damage;
 - (d) Weight of people or personal property;
 - (e) Weight of rain that collects on a roof;
 - (f) Use of defective material or methods if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in (2)(a) through (e), we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation

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contributes to the collapse.

- (3) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

- (a) The personal property which collapses is inside a building insured under this policy; and
- (b) The collapse was caused by a cause of loss listed in (2)(a) through (2)(f) above.

- (4) With respect to the following property:

- (a) Satellite dishes and outdoor radio or television antennae, including their lead-in wiring, masts or towers;
- (b) Awnings;
- (c) Gutters and downspouts;
- (d) Yard fixtures;
- (e) Outdoor swimming pools;
- (f) Fences;
- (g) Piers, wharves and docks;
- (h) Beach or diving platforms or appurtenances;
- (i) Retaining walls;
- (j) Walks, roadways and other paved surfaces.

If the collapse is caused by a cause of loss listed in (2)(b) through (2)(f), we will pay for loss or damage to that property only if such loss or damage is a direct result of the collapse of a building insured under this policy and the property is Covered Property under this policy.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

- j. Discharge, dispersal, seepage, migration, release or escape of

"pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss."

3. We will not pay for loss or damage caused by or resulting from any of the following. But if an excluded cause of loss that is listed in 3.a through 3.c results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss:

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, or organization representing a governmental or regulatory or controlling body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance of part or all of any property on or away from the "described premises".

4. **Special Exclusions.** The following exclusions apply only to the Covered Property or Additional Coverage specified:

- a. **Tools and Equipment, Including Communications Devices** - We will not pay for any loss or damage caused by or resulting from:

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- (1) The weight of a load or lift exceeding the manufacturer-rated lifting capacity of the equipment under operating conditions at the time of loss or damage; or
 - (2) Collapse or collision of booms or jibs unless directly caused by one of the "specified causes of loss".
- b. **Accounts Receivable** – We will not pay for any loss or damage caused by or resulting from:
 - (1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. But this exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - (2) Bookkeeping, accounting or billing errors or omissions, or for any loss that requires an audit of records or an inventory computation to prove its factual existence.
- c. **Fine Arts** – We will not pay for loss or damage caused by or resulting from:
 - (1) Breakage of statuary, glassware, bric-a-brac, marbles, porcelain and similar fragile property. But we will pay if the loss or damage is caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft, attempted theft or by accident to the vehicle carrying the property.
 - (2) Any repairing, restoration or retouching of the Fine Arts.
- d. **Valuable Papers and Records** – We will not pay for any loss or damage caused by or resulting from errors or omissions in processing or copying the papers and records. But we will pay for loss or damage caused by a resulting fire or explosion.
- e. **Business Income and Extra Expense** – We will not pay for:
 - (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".
 This exclusion does not apply to "extra expense".
 - (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennae, or satellite dishes, including their lead-in wiring, masts or towers.
 - (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations" due to interference at the location of the rebuilding, repair or replacement by strikers or other persons;
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your "business income" during the "period of restoration"; or
 - (4) Any "extra expense" caused by or resulting from suspension, lapse or cancellation of any license, leases or contract beyond the "period of restoration".
 - (5) Any increase of loss of Net Income caused by or resulting from improvement(s) in business conditions subsequent to the time of loss.
 - (6) Any other consequential loss.
- f. **Leasehold Interest** – We will not pay for any loss caused by:

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- (1) Your canceling the lease;
- (2) The suspension, lapse or cancellation of any license; or
- (3) Any other consequential loss.

B. LIMITATIONS

- 1. We will not pay for loss of or damage to:

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers and equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure (unless held for sale by you) if the loss is caused by or results from theft. This Limitation does not apply to Installation.
- e. Property that is missing, where the only evidence of the loss is a shortage disclosed on taking inventory, or other instances where there is no physical evi-

dence to show what happened to the property.

- f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
- g. Property that has been transferred to a person or to a place outside the "described premises" on the basis of unauthorized instructions.

- 2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$500 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. We will not pay more than \$1000 for all loss of or damage to building glass that occurs at one time.

This Limitation does not apply:

- a. To loss or damage by the "specified causes of loss," except vandalism; or
- b. If Full Glass Breakage is shown as "Included" for the "described premises" in the Declarations.

Full Glass Breakage does not apply to stained glass or art glass.

- 3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
- 4. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - a. \$2500 for furs, fur garments and garments trimmed with fur.

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- b. \$2500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$250 for stamps, letters of credit and tickets, including lottery tickets held for sale.
5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.
 6. We will not pay the cost of excavations.

III. ADDITIONAL COVERAGES

The following Additional Coverages apply only if they are indicated in the Declarations:

- A. Business Income and Extra Expense** – We will pay for the actual loss of "business income" you sustain due to the necessary suspension of "operations" during the "period of restoration," but not to exceed 12 consecutive months. The suspension must be caused by direct physical loss of or damage to property at the "described premises," including personal property in the open, or in a vehicle, within 1000 feet, caused by or resulting from a Covered Cause of Loss.

We will also pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to such property caused by or resulting from a Covered Cause of Loss.

This Additional Coverage is not subject to the Limits of Insurance, except for the Newly Acquired Properties Extension.

Extensions:

1. **Business Income From Dependent Properties** – We will also pay for the actual loss of "business income" you sustain due to the necessary suspension of "operations" caused by direct physical loss of or damage by a Covered Cause of Loss to "dependent property" at a premises you do not own, lease or operate.

- a. We will only pay for loss of "business income" that occurs within the lesser of:

- (1) The "period of restoration" at the "dependent property" where the direct loss or damage occurs; or
- (2) 30 days.

- b. We will reduce the amount of your "business income" loss, other than "extra expense", to the extent you can resume "operations", in whole or in part, by using any other available:

- (1) Source of materials; or
- (2) Outlet for your products.

2. **Newly Acquired Properties** – We will pay for the actual loss of "business income" and "extra expense" you sustain due to the necessary suspension of "operations" during the "period of restoration" caused by direct physical loss or damage by a Covered Cause of Loss to your property at newly acquired buildings, including personal property in the open, or in a vehicle, within 1000 feet. But this Coverage ends for each newly acquired location upon the earlier of:

- a. The expiration of this policy;
- b. The day you report the new property to us; or
- c. The 180th day after you acquire the property or begin the construction.

We will pay up to the Limit for this Extension shown in the Declarations.

3. **Extended Period of Indemnity** – We will pay for the actual loss of "business income" you sustain due to the impairment of "operations" during the period that

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- a. Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- b. Ends on the earlier of:
 - (1) The date you could restore "operations" with reasonable speed to the condition that would have existed if no direct physical loss or damage occurred; or
 - (2) 30 consecutive days after the date determined in a. above.

This period is in addition to, and not a part of, the 12-month limitation applicable to this Additional Coverage.

The loss of "business income" must be caused by direct physical loss or damage at the "described premises" caused by or resulting from a Covered Cause of Loss.

4. **Civil Authority** – We will pay for the actual loss of "business income" you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the "described premises" due to direct physical loss of or damage to property, other than at the "described premises," caused by or resulting from any Covered Cause of Loss.

This coverage will begin after the action by civil authority for a period of up to three consecutive weeks after coverage begins.

- B. **Deferred Payments.** We will pay for your interest in lost or damaged Personal Property sold by you under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers. The loss or damage must be caused by a Covered Cause of Loss.

When a total loss to that property occurs, deferred payments are valued on the amount shown on your books as due from the buyer.

When partial loss to that property occurs and the buyer refuses to continue payment, forcing you to repossess, deferred payments are valued as follows:

1. If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment; but
2. If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.

When a partial loss occurs and the buyer continues to pay you, there will be no loss payment.

C. **Off-Premises Power or Water Failure** –

1. We will pay for:

- a. Direct physical loss or damage to Covered Property caused by an interruption of electrical power or water supply services to the "described premises". The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the "described premises":

- (1) Water mains, pipes, aqueducts and other similar means of transporting water or steam;
- (2) Generating plants;
- (3) Switching stations, substations or pumping stations;
- (4) Transformers; and
- (5) Transmission lines, except for overhead transmission lines.

- b. The actual loss of "business income" and necessary "extra expense" you sustain as a result of a power or water supply services failure described in paragraph a. above. But this paragraph b. does not apply unless Business Income and Extra Expense is covered in this Coverage Part.

2. This Additional Coverage does not apply to loss or damage:

- a. To perishable "stock"; or
- b. You incur during the first 12 consecutive hours after the direct loss or damage to utility supply equipment.

The following exclusion in **EXCLUSIONS** (Section II.A.) does not apply to this coverage:

Exclusion 1.e. Utility Service Failure.

D. Building Ordinance or Law – If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of a covered building, and if enforcement of that ordinance or law affects the repair or rebuilding of that building following damage by a Covered Cause of Loss:

1. We will pay:

- a. The value of undamaged portions of the building if they must be demolished due to the enforcement of building ordinance or law;
- b. Costs to demolish and clear the site of those undamaged portions;
- c. Increased costs to:
 - (1) Repair or reconstruct damaged portions of that building; and/or
 - (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is the consequence of enforcement of building, zoning or land use ordinance or law.

However, this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

- d. The actual loss of "business income" and "extra expense" you sustain solely because the building ordinance or law was enforced. But this paragraph d. does not apply unless Business Income and Extra Expense is covered in this Coverage Part.

The limit for a. above is included in the Building limit. The limit for covered losses payable under b. and c. above are shown in the Declarations.

- 2. We will not pay more under paragraphs 1.a. and 1.b. above than if the

repaired or replaced building were rebuilt:

- a. At the same location, as soon as reasonably possible;
- b. With the least expensive building materials and construction methods of comparable material and quality;
- c. In the same style and of the same size; and
- d. For the same type of occupancy as the one it replaces

to the extent permitted by the law or ordinance.

If you do not repair or replace the damaged building, we will pay only to demolish and clear the site of the undamaged portions of the building.

This Additional Coverage does not apply to the costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any other way respond to or assess the effects of "pollutants."

The following exclusion in **EXCLUSIONS** (Section II.A.) does not apply to this coverage:

Exclusion 1.a. Ordinance or Law.

E. Spoilage –

- 1. We will pay for loss or damage to Personal Property that is perishable "stock" within the "described premises" caused by:

- a. Change in temperature or humidity resulting from:
 - (1) Breakdown of machinery; or
 - (2) Failure of refrigerating, cooling or humidity control equipment

if such machinery or equipment is located at the "described premises";

- b. Contamination by refrigerant; or
- c. Change in temperature or humidity resulting from complete or partial interruption of electrical power due to conditions beyond your control.

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2. We will not pay under this Additional Coverage for loss caused by or resulting from:
 - a. Disconnecting any refrigerating, cooling or humidity control system from its power source, except when done to avoid or reduce another loss covered by this Coverage Part;
 - b. Deactivating electrical power due to the manipulation of any switch or other device used to control the flow of electrical current;
 - c. The inability of a utility company or other power source to provide sufficient power due to:
 - (1) Lack of fuel; or
 - (2) Governmental order;
 - d. The inability of a power source at the "described premises" to provide sufficient power due to lack of generating capacity to meet demand; or
 - e. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
- F. **Fire Department Service Charge** – When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay your liability for fire department charges:
 1. Assumed by contract or agreement prior to loss; or
 2. Required by local ordinance.
- G. **Fire Extinguishing Equipment Recharge** – We will pay for the cost to recharge or refill any fire protective equipment when discharged:
 1. To prevent or control a loss;
 2. Accidentally; or
 3. As a result of malfunction of the equipment.
- H. **Lock and Key Replacement** – We will pay the cost of:
 1. Premises entry key replacement, if keys are stolen; or
 2. Premises entry lock repair or replacement made necessary by theft or attempted theft at the "described premises".

- I. **Inventory and Appraisal** – We will pay for the following expenses you incur at our request, as required by this Coverage Part, to prepare a claim:
 1. The cost of taking inventories;
 2. The cost of making appraisals; and
 3. The cost of preparing a statement of loss and other supporting exhibits.

We will not pay for any expenses billed by and payable to independent or public insurance adjusters or for expenses to prepare claims not covered by this Coverage Part.

- J. **Pollutant Clean-Up and Removal** – We will pay your expenses to extract "pollutants" from land or water at the "described premises" if the release, discharge, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing performed in the course of extracting "pollutants" from the land or water.

The most we will pay for each location under this Additional Coverage is the limit shown in the Declarations for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

- K. **Debris Removal** – We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 1. The most we will pay under this Additional Coverage is 25% of:
 - a. The amount we pay for the direct physical loss or damage to Covered Property; plus

- b. The deductible in this policy applicable to that loss or damage.
- 2. But if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance for the Covered Property; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation

we will pay up to the additional amount shown in the Declarations for Debris Removal for each location in any one occurrence.
- 3. This coverage does not apply to costs to:
 - a. Extract "pollutants" from land or water; or
 - b. Remove, restore or replace polluted land or water.
- L. **Preservation of Property** – If it is necessary to move Covered Property from the "described premises" to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:
 - 1. While it is being moved or while temporarily stored at another location; and
 - 2. Only if the loss or damage occurs within 30 days after the property is first moved.

This Additional Coverage is part of, and not in addition to, the Limit of Insurance applicable to the Covered Property.
- M. **Damage By Water, Other Liquid, Powder or Molten Material** – If loss or damage caused by or resulting from water or other liquid, powder or molten material damage loss occurs, we will pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

This Additional Coverage is part of, and not in addition to the Limit of Insurance for Building.
- N. **Leasehold Interest** – We will pay for loss of "net leasehold interest" you sustain due to the cancellation of your lease. The cancellation must result from direct

physical loss or damage at the "described premises" caused by or resulting from a Covered Cause of Loss.

- 1. We will not pay more than the total "net leasehold interest" at the time of the cancellation of the lease. But if your lease is cancelled and your landlord lets you continue to use your premises under a new lease, we will not pay more than:
 - a. The rent you will pay under the new lease; minus
 - b. The rent you now pay.
- 2. We will not pay under this Additional Coverage if:
 - a. The premises where the lease is cancelled has been vacant for more than 60 consecutive days; and
 - b. You have not entered into an agreement to sublease the premises.

The following exclusion in EXCLUSIONS (Section II.A.) does not apply to this coverage:

Exclusion 1.a. Ordinance or Law.

O. **Arson or Fraud Reward** – In the event that a covered loss was a result of arson or fraud, we will, at our discretion, reimburse you up to \$5,000 for rewards you pay for information leading to arrest and conviction for that act of arson or fraud.

P. **Equipment Breakdown** – We will pay for loss or damage caused by or resulting from risks of direct physical loss due to:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force.
- (2) Artificially generated electric current, including electric arcing, that disturbs electrical devices and appliances.

But this additional coverage does not apply to the following types of property:

Steam pipes, steam engines, steam turbines, including their accessories and components

We will pay up to \$25,000 for any additional expenses you incur for:

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- (1) Cleanup;
- (2) Repair or replacement; or
- (3) Disposal

of covered property that is damaged, contaminated or polluted as a result of an "accident" by a substance declared by a governmental agency to be hazardous to health. This limitation does not apply to damage, contamination or pollution caused by ammonia.

LIMITS OF INSURANCE

- A. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance for each coverage shown in the Declarations, except as provided below.

- B. **Automatic Building Increase**

- 1. The Limits of Insurance for covered Buildings will automatically increase by the Automatic Building Increase percentage shown in the Declarations.
- 2. The percentage applies proportionally throughout each year. The actual amount of increase available on the day of loss or damage will be:
 - a. The last limit fixed for the property in this policy, at inception, at anniversary or as subsequently endorsed; times
 - b. The Automatic Building Increase percentage from the Declarations; times
 - c. The number of days since the limit was last fixed; divided by
 - d. 365.

- C. **Peak Season Personal Property Increase**

- 1. The Limits of Insurance for covered Personal Property will automatically increase by 50% to provide for seasonal variations.
- 2. The increase will apply only if the Limit of Insurance shown for Personal Property in the Declarations is at least 90% of your average monthly values during the lesser of:
 - a. The 12 months immediately preceding the date the loss or damage occurs; or

- b. The period of time you have been in business as of the date the loss or damage occurs.

DEDUCTIBLE

We will not pay for loss or damage incurred in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

Separate Deductibles. Certain Coverages are subject to separate Deductibles as shown in the Declarations.

Multiple Deductibles. More than one Deductible may apply to loss or damage arising out of a single occurrence covered by this Coverage Part. If so, we will not deduct more from the entire amount of loss or damage than the largest Deductible applying to the occurrence.

COMMERCIAL PROPERTY CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

IV. LOSS CONDITIONS

- A. **Abandonment** – There can be no abandonment of any property to us.
- B. **Appraisal** – If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
 - 1. Pay its chosen appraiser; and
 - 2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- C. **Duties In The Event Of Loss Or Damage** –

- 1. In the event of loss or damage to Covered Property, you must
 - a. Notify the police if a law may have been broken.

- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
 - c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - g. Send us a signed sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - h. Cooperate with us in the investigation or settlement of the claim.
2. If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible. If you:
 - a. Do not resume "operations"; or
 - b. Do not resume "operations" as quickly as possible;
 we will pay for loss of "business income," if covered in this policy, based on the length of time it would have taken to resume "operations" as quickly as possible.
 3. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- D. Loss Adjustment -**
1. This condition is intended to facilitate payment of insurance proceeds in the event of loss of or damage to Covered Property from a Covered Cause of Loss that is covered by:
 - a. This Commercial Property Coverage Part; and
 - b. Boiler and Machinery insurance.
 It applies when there is a disagreement between the insuring companies as to the amount of loss to be paid by each company.
 2. The provisions of paragraph 3. of this condition apply only if all of the following requirements are met:
 - a. The Boiler and Machinery insurance carried by the Named Insured and insuring the Covered Property contains a provision with substantially the same requirements, procedures and conditions as stated here.
 - b. The damage to the Covered Property was caused by a loss for which both we and the Boiler and Machinery insurer admit to some liability for payment under the respective policies.
 - c. The total amount of the loss is agreed to by you, the Boiler and Machinery insurer and us.
 - d. We and the Boiler and Machinery insurer disagree as to the amount of loss that each of us should pay that is attributable to:
 - (1) A Covered Cause of Loss under this Coverage Part; and
 - (2) An "accident" covered under the Boiler and Machinery insurance as defined in that policy.
 3. If the requirements listed in paragraph 2. above are satisfied, we and

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the Boiler and Machinery insurer will make payments as follows:

- a. At your written request
 - (1) We will pay the entire amount of loss that we have agreed as being covered by this Commercial Property coverage and one-half the amount of loss that is in disagreement.
 - (2) The Boiler and Machinery insurer will pay the entire amount of loss that they have agreed as being covered by the Boiler and Machinery insurance and one-half the amount of loss that is in disagreement.
- b. The amount in disagreement to be paid by us under this condition will not exceed the amount payable under the equivalent Loss Adjustment provisions of the Boiler and Machinery insurer.
- c. The amount to be paid under this condition will not exceed the amount we would have paid had no Boiler and Machinery insurance been in effect at the time of loss.
- d. Acceptance by you of sums paid under this insurance does not alter, waive or surrender any other rights against us.
- e. The Boiler and Machinery insurer and we agree to submit our differences to arbitration within 90 days after loss payment made under these terms.
- f. You agree to cooperate with any arbitration procedures. There will be three arbitrators. We will appoint one and the Boiler and Machinery insurer will appoint another. The two arbitrators will select a third arbitrator. If they cannot agree, either may request that a judge of a court having jurisdiction make selection. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

E. Loss Payment –

1. In the event of loss or damage covered by this Coverage Part, at our option we will either:
 - a. Pay the value of lost or damaged property;
 - b. Pay the cost of repairing or replacing the lost or damaged property;
 - c. Take all or any part of the property at an agreed or appraised value; or
 - d. Repair, rebuild or replace the property with other property of comparable kind and quality.
2. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
3. We will not pay you more than your financial interest in the Covered Property.
4. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
5. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
6. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
 - a. We have reached agreement with you on the amount of loss; or
 - b. An appraisal award has been made.

F. Pair, Sets or Parts – In case of loss of or damage to:

1. Any part of a pair or set, we may:
 - a. Repair or replace any part or set to its value before the loss or damage; or
 - b. Pay the difference between the value of the pair or set before and after the loss or damage.

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2. Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.
- G. **Recovered Property** – If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.
- H. **Reinstatement After Loss** – The Limits of Insurance will not be reduced by the payment of any claim, except for total loss of a scheduled item, in which event we will refund the unearned premium on that item.
- I. **Vacancy** –
 1. **Description of Terms**
 - a. As used in this Vacancy Condition, the term building and the term vacant have meanings set forth in a.(1) and a.(2) below:
 - (1) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (2) When this policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its total square footage:
 - (a) Is not rented; or
 - (b) Is not used to conduct customary operations.
 - b. Buildings under construction or renovation are not considered vacant.
 2. **Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage:

 - a. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (1) Vandalism;
 - (2) Sprinkler leakage, unless you have protected the system against freezing;
 - (3) Building glass breakage;
 - (4) Water damage;
 - (5) Theft; or
 - (6) Attempted theft.
 - b. With respect to Covered Causes of Loss other than those listed in 2.a.(1) through 2.a.(6) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.
- J. **Valuation** –
 1. For property valued on a Replacement Cost Basis, we will determine the value of Covered Property in the event of loss or damage at the cost to replace the lost or damaged property with new property:
 - a. Of comparable kind and quality;
 - b. On the same premises (regardless of where the rebuilding actually occurs); and
 - c. Intended for the same occupancy or use

without deduction for depreciation. But if the damaged or destroyed property is not repaired or replaced, we will not pay more than its actual cash value at the time of loss or damage.

You may make a preliminary claim for loss or damage covered by this insurance on an Actual Cash Value Basis. In the event you do, you may still make a claim on a Replacement Cost Basis if you notify us of your intent to do so within 180 days after the loss or damage.
 2. **Penalty for Underinsurance** – If the property is covered on a Replacement Cost Basis and the value shown in the Declarations for the Covered Property is less than 80% of its replacement cost value at the time of loss or damage, we will value the

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property at its actual cash value instead. This condition applies to Coverages A, B, C and D of SECTION I – COVERED PROPERTY.

3. **Special Valuations** – Regardless of the method of valuation shown in the Declarations, we will value the types of property shown below as follows:

- a. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- b. Glass, other than art glass, at the cost of replacement with safety glazing material if required by law plus the cost to replace lettering and ornamentation. Building glass valuation will also include:
 - (1) Attached frames; and
 - (2) The portions of burglar alarms, accessories and devices that are attached to or incorporated within the glass, up to a maximum of \$1,000 in any one occurrence.
- c. "Improvements and betterments" at:
 - (1) Actual cash value or replacement cost, whichever applies to personal property at the same building, if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Divide the number of days from the loss or damage to the end of the lease by the number of days from the installation of the "improvements and betterments" to the end of the lease; and
 - (b) Multiply the result of (a) by the original cost

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in paragraph (a) above.

(3) Nothing if others pay for repairs or replacement.

- d. Valuable Papers and Records, including negatives, transparencies, tapes and prints, at the cost of:
 - (1) Blank materials for reproducing the materials; plus
 - (2) Labor to transcribe or copy the records when there is a duplicate.
- e. Prepackaged software programs and electronic data processing equipment that cannot be replaced, at the cost of functionally equivalent software and hardware.
- f. Precious metals such as gold, silver and platinum, at the average market cost of replacement on the date of loss, or the actual cost of replacement, if less.
- g. Property that cannot be replaced with new property, at actual cash value.

GENERAL CONDITIONS

- A. **Concealment, Misrepresentation And Fraud** – This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:
 - 1. This Coverage Part;
 - 2. The Covered Property;
 - 3. Your interest in the Covered Property; or
 - 4. A claim under this Coverage Part.
- B. **Contract Of Sale** – If you have entered into a contract for the sale of Covered Property with a Loss Payee shown in the Declarations, for the property that is the subject of that sale:
 - 1. We will adjust losses with you and pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
 - 2. The word "you" in the Other Insurance condition below includes the Loss Payee.
- C. **Control Of Property** – Any act or neglect of any person other than you beyond your control will not affect this insurance.

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The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist

D. Insurance Under Two Or More Coverages – If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. Legal Action against Us – No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

F. Liberalization – If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will automatically apply to this Coverage Part.

G. Loss Payable – For Covered Property in which both you and a Loss Payee shown in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

H. Mortgage Holders, Including Lender's Loss Payable –

1. In this condition, the term "lienholder" includes:

- a. Mortgage holders or trustees of real property; and
- b. Creditors or trustees with whom you have entered into a contract for the sale of personal property and whose interest in that property is established by such written contracts as:

- (1) Warehouse receipts;
- (2) A contract for a deed;
- (3) Bills of lading; or
- (4) Financing statements.

2. For Covered Property in which both you and a lienholder have an insurable interest

a. We will pay for covered loss of or damage to Covered Property to each lienholder shown in the Declarations in their order of precedence, as their interests may appear.

b. The lienholder has the right to receive loss payment even if the lienholder has started foreclosure or similar action on the Covered Property.

c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the lienholder will still have the right to receive loss payment if the lienholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the lienholder.

All of the terms of this Coverage Part will then apply directly to the lienholder.

d. If we pay the lienholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The lienholder's rights will be transferred to us to the extent of the amount we pay; and
- (2) The lienholder's rights to recover the full amount of the lienholder's claim will not be impaired.

At our option, we may pay to the lienholder the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we elect to cancel this policy, we will give written notice to the lienholder at least

- a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

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- b. 30 days before the effective date of cancellation if we cancel for any other reason.
- 4. If we elect not to renew this policy, we will give written notice to the lienholder at least 10 days before the expiration of this policy.
- I. **No Benefit to Bailee** – No person or organization, other than you, having custody of Covered Property will benefit from this insurance.
- J. **Other Insurance** –
 - 1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
 - 2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
- K. **Policy Period, Coverage Territory** – Under this Coverage Part
 - 1. We cover loss or damage commencing:
 - a. During the Policy Period shown in the Declarations; and
 - b. Within the Coverage Territory.
 - 2. The Coverage Territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.
 - d. With respect to equipment covered under the Electronic Data Processing Equipment and Media blanket limit in the Declarations, the Coverage Territory is Anywhere in the World.
- L. **Transfer Of Rights Of Recovery Against Others To Us** – If any person or organization to or for whom we make payment under this Coverage Part has rights to recover dam-

ages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property or Covered Income.
- 2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

DEFINITIONS

- A. "Accident" means a sudden and accidental breakdown of any:
 - 1. Fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents;
 - 2. Refrigerating or air conditioning system, piping and its accessory equipment; and
 - 3. Mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

At the time the breakdown occurs, it must become apparent by physical damage that requires repair or replacement of the equipment or a part of the equipment.

If covered electrical equipment requires drying out as a result of flood, the drying out will be considered an "accident".

If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" at any one location that become apparent at the same time and are the result of the same cause will be considered one "accident".

- B. "Business Income" means the:
 - 1. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - 2. Continuing normal operating expenses incurred, including payroll if there had been no direct physical loss or damage.

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C. "Dependent Property" means premises operated by others on whom you depend to:

1. Deliver materials or services to you, or to others for your account (not including water, communication or power supply services);
2. Accept your products or services;
3. Manufacture products for delivery to your customers under contract of sale; or
4. Attract customers to your business.

D. "Described Premises" means the locations described in the Building and Personal Property Schedule. If you are a tenant, "described premises" means the portions of the building which you rent, lease or occupy, including all routes within the building to gain access to the described premises.

E. "Extra Expense" means necessary costs incurred to:

1. Avoid or minimize the suspension of business and continue "operations":
 - a. At the "described premises"; or
 - b. At replacement premises or temporary locations, including:
 - (1) Relocation expenses; and
 - (2) Costs to equip and operate the replacement or temporary locations.
2. Minimize the suspension of business if you cannot continue "operations".
3. a. Repair or replace any property; or
 - b. Research, replace or restore the lost information on damaged Valuable Papers and Records

to the extent it reduces the amount of loss that otherwise would be payable under paragraphs 1. and 2. above, or as "business income".

F. "Gross Leasehold Interest" means:

1. The monthly rental value of the premises you lease on the date the direct physical loss or damage occurs; minus
2. The actual monthly rent you pay, including taxes, insurance, janitorial or other service you pay as part of the rent

Example:

Rental value of your leased premises	\$500
Monthly rent including taxes, insurance, janitorial or other services that you pay for as part of the rent	-400
"Gross Leasehold Interest"	\$100

G. "Improvements and Betterments" means fixtures, alterations, installations or additions:

1. Made a part of a building or structure you occupy but do not own; and
2. You acquired or made at your expense but cannot legally remove.

H. "Monthly Leasehold Interest" means the original costs you made for:

1. Bonus Payments – Money you originally paid to acquire your lease, but not including rent, prepaid rent or security; and
2. Prepaid Rent – Advance rent you paid that will not be refunded to you, other than periodic rental payments

divided by the number of months left in your lease at the time of the expenditure.

Example:

Original cost of Bonus Payment and/or Prepaid Rent	\$4,000
With 20 months left in the lease at time of payment	/20
"Monthly Leasehold Interest"	\$200

I. "Net Leasehold Interest" means the sum of:

1. The net present value of your "gross leasehold interest" for each remaining month of your lease discounted at the Prime Rate prevailing on the date the direct physical loss or damage occurs, rounded to the nearest whole number; plus
2. Your "monthly leasehold interest" times the number of months left in your lease on the date the direct physical loss or damage occurs, rounded to the nearest whole number.

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Example:

With 20 months left in lease and 10% prime rate:

"Gross Leasehold Interest"	\$100
NPV Factor for 20 months	x 18.419
Subtotal (A)	\$1,842
"Monthly Leasehold Interest"	\$200
With 20 months left in lease	x20
Subtotal (B)	\$4,000
"Net Leasehold Interest" Subtotal (A) + Subtotal (B)	\$5,842

J. "Operations" means your business activities occurring at the "described premises".

K. "Period of Restoration" means the period of time that

1. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the "described premises"; and
2. Ends on the earlier of:
 - a. The date when the property at the "described premises" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - b. The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

1. Regulates the construction, use or repair, or requires the tearing down of any property; or
2. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration".

L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

M. "Specified Causes of Loss" means:

1. Fire;
2. Lightning;
3. Explosion;
4. Windstorm or hail;
5. Aircraft or vehicles;
6. Riot or civil commotion;
7. Vandalism;
8. Leakage from fire extinguishing equipment;
9. Sinkhole collapse, meaning the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities;
10. "Volcanic action";
11. Falling objects, which does not include loss of or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object;
12. Weight of snow, ice or sleet; or
13. Water damage, meaning accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
- N. "Stock" means merchandise held in storage or for sale, raw materials and in-processed or finished goods, including supplies used in their packing or shipping.
- O. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 1. Airborne volcanic blast or airborne shock waves;
 2. Ash, dust or particulate matter; or
 3. Lava flow.

"Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the "described premises."

COMMERCIAL CRIME COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases in quotation marks have special meaning. Refer to the DEFINITIONS section of this form.

Coverage provided by this form is also subject to all the Conditions in the COMMON POLICY CONDITIONS form and the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, except as noted below.

QUICK REFERENCE

Section of this Form	Begins on Page
I. Coverage	1
II. Exclusions	2
III. Limits of Insurance	3
IV. Deductible	3
V. Crime Conditions	3
VI. Definitions	6

I. COVERAGE

We will pay for the following for which a limit is shown in the Declarations:

A. Employee Dishonesty - Loss of, and direct loss from damage to, "money," "securities" and "property other than money and securities" resulting directly from employee dishonesty.

Employee dishonesty means dishonest acts committed by an "employee" acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

1. Cause you to sustain loss; and also
2. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - a. The "employee"; or
 - b. Any person or organization intended by the "employee" to receive that benefit.

Extension - Employees Outside Coverage Territory. Employee Dishonesty Cov-

erage includes loss caused by an "employee" while temporarily outside the Coverage Territory for a period of 90 days or less.

B. Money And Securities - Loss of "money" and "securities" resulting directly from "theft," disappearance or destruction.

1. Separate limits apply to loss to property that is:
 - a. **Inside The Premises:** Inside the "premises" or a "banking premises."
 - b. **Outside The Premises:** Outside the "premises" while in the care and custody of:
 - (1) A "messenger"; or
 - (2) An armored motor vehicle company.
2. **Extensions:**
 - a. **Containers** - We will pay for loss of, or loss from damage to, "containers" resulting directly from actual or attempted:
 - (1) "Theft" of; or
 - (2) Unlawful entry into those "containers."

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- b. **Premises Damage** - We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of your "money" or "securities" if you are the owner of the "premises" or liable for damage to it.

The amount we will pay under these Extensions is included in the Limit of Insurance for Inside the Premises.

- c. **Forgery Or Alteration** - Loss of a "covered instrument" resulting directly from forgery or alteration of, on or in the "covered instrument"

Extension - Legal Expenses. If you are sued for refusing to pay any "covered instrument" on the basis that it has been forged or altered and you have our written consent to defend against the suit, we will pay any reasonable legal expenses you incur and pay in that defense. If we pay or offer to pay the Limit of Insurance for this Coverage, our obligation to pay legal expenses ceases. The amount we pay under this Extension is in addition to the Limit of Insurance for Forgery or Alteration Coverage.

- d. **Money Orders And Counterfeit Currency** - Loss of "money," "securities" or "property other than money and securities" resulting directly from the acceptance in good faith of:

1. A post office or express money order or bank certified check; or
2. Counterfeit United States or Canadian paper currency.

The most we will pay due to the acceptance of any one item under this Coverage is \$1000.

- e. **Unauthorized Business Card Use** - Loss of "money" resulting directly from "theft," forgery or unauthorized use of credit, debit or charge cards issued in your name, including:

1. Fund transfer cards;
2. Charge plates; and
3. Telephone cards.

The most we will pay for all loss under this Coverage during each 12 month period of this policy (including any extension of less than one year), is \$5000.

II. EXCLUSIONS

A. Applicable To All Coverages:

We will not pay for:

1. **Acts Committed By You Or Your Partners** - Loss resulting from any dishonest or criminal act committed by you or any of your partners, whether acting alone or in collusion with other persons.
2. **Acts Of Employees, Directors, Trustees Or Representatives** - Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- a. Acting alone or in collusion with others; or
- b. While performing services for you or otherwise.

This Exclusion does not apply to acts by "employees" that are covered by Employee Dishonesty Coverage.

3. **Governmental Action** - Loss resulting from seizure or destruction of property by order of governmental authority.

4. **Indirect Loss** - Any indirect result of an act or "occurrence" including but not limited to:

- a. Your inability to realize income that you would have realized had there been no loss, or loss from damage to, "money," "securities" or "property other than money and securities."
- b. Payment of damages of any type for which you are legally liable. But we will pay compensatory damages arising directly from a covered loss.
- c. Payment of costs, fees or other expenses you incur in establishing either the existence or amount of loss.

5. **Legal Expenses** - Expenses related to any legal action. This Exclusion does not apply to Forgery Or Alteration Coverage.

6. **Nuclear** - Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

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7. **War And Similar Actions** - Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. Applicable Only to Employee Dishonesty Coverage:

We will not pay for:

1. **Employee Cancelled Under Prior Insurance** - Loss caused by any "employee" for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
2. **Inventory Shortages** - Loss as to which the proof of its existence or amount is dependent upon:
 - a. An inventory computation; or
 - b. A profit and loss computation.

C. Applicable Only to Money And Securities Coverage:

We will not pay for:

1. **Accounting Or Arithmetical Errors Or Omissions** - Loss resulting from accounting or arithmetical errors or omissions.
2. **Exchanges Or Purchases** - Loss resulting from the giving or surrendering of property in any exchange or purchase.
3. **Fire** - Loss from damage to the "premises" resulting from fire, however caused.
4. **Money Operated Devices** - Loss of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
5. **Transfer Or Surrender Of Property** -
 - a. Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
 - (1) On the basis of unauthorized instructions; or
 - (2) As a result of a threat to do bodily harm to any person or damage to any property.
 - b. But this exclusion does not apply to loss of property while in the

care and custody of a "messenger" if you:

- (1) Did not know of any threat at the time the conveyance began; or
- (2) Did know of a threat at the time the conveyance began, but the loss had nothing to do with that threat.

6. **Vandalism** - Loss from damage to the "premises," its exterior, or "containers" by vandalism or malicious mischief.

D. Applicable Only to Unauthorized Business Card Use Coverage:

We will not pay for:

Personal Credit Cards - Loss resulting from the use of any credit, debit or charge card issued in the name of anyone other than you, whether or not customarily used in your business.

III. LIMITS OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance for each Coverage shown in the Declarations.

IV. DEDUCTIBLE

We will not pay for loss or damage in any one "occurrence" until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

Multiple Deductibles. More than one Deductible may apply to loss or damage arising out of a single "occurrence" covered by this Coverage Part. If so, we will not deduct more from the entire amount of loss or damage than the largest Deductible applying to the "occurrence."

V. CRIME CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions, except as noted:

A. Consolidation - Merger -

1. Subject to paragraph 2. below, through consolidation or merger with, or purchase of assets of, some other entity:
 - a. Any additional persons become "employees"; or

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- b. You acquire the use and control of any additional "premises" any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises."
- 2. Paragraph 1. above applies only if you:
 - a. Give us written notice within 180 days of the addition; and
 - b. Pay us an additional premium.
- B. **Discovery Period For Loss** - We will pay only for covered loss discovered no later than one year from the end of the Policy Period.
- C. **Duties In The Event Of Loss** - The following supersedes the Commercial Property Duties in the Event of Loss or Damage Loss Condition (COMMERCIAL PROPERTY CONDITIONS Section, Paragraph 1C. of the Building and Personal Property Coverage Form).

After you discover a loss or a situation that may result in a loss of, or loss from damage to, covered property, you must

- 1. Notify us as soon as possible.
For losses under Unauthorized Business Card Use Coverage, you must also immediately notify the issuers of any lost or stolen cards.
- 2. Submit to examination under oath at our request and give us a signed statement of your answers.
- 3. Give us a detailed, sworn proof of loss within 120 days.

For losses under Forgery Or Alteration Coverage or Money Orders And Counterfeit Currency Coverage, you must include with your proof of loss any instrument involved in that loss or, if that is not possible, an affidavit stating the amount and cause of loss.

- 4. Cooperate with us in the investigation and settlement of any claim.

D. Joint Insured -

- 1. If more than one insured is named in the Declarations, the first Named Insured will act for itself and for every other insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then

the next Named Insured will become the first Named Insured.

- 2. If any insured or partner or officer of that insured had knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every insured.
- 3. An "employee" of any insured is considered to be an "employee" of every insured.
- 4. If this insurance or any of its coverages is cancelled or terminated as to any insured, loss sustained by that insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- 5. We will not pay more for loss sustained by more than one insured than the amount we would pay if all the loss had been sustained by one insured.

E Loss Sustained During Prior Insurance -

- 1. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - a. This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - b. The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- 2. The insurance under paragraph 1. above is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
 - a. This insurance as of its effective date; or
 - b. The prior insurance had it remained in effect.
- 3. If any loss is covered:
 - a. Partly by this insurance; and

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- b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

- F. **Non-Accumulation Of Limit Of Insurance** - Regardless of the number of years this insurance remains in force or the number of premiums paid, the Limits of Insurance do not accumulate from year to year or period to period.

- G. **Ownership Of Property; Interests Covered** - The property covered under this insurance is limited to property:

- 1. That you own or hold; or
- 2. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

- H. **Records** - You must keep records of all property so that we can verify the amount of any loss.

- I. **Recoveries** -

- 1. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- a. To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible amount, if any;
- b. Then to us, until we are reimbursed for the settlement made;
- c. Then to you for any remainder.

- 2. Recoveries do not include any recovery:

- a. From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- b. Of original "securities" after duplicates of them have been issued.

- J. **Valuation - Settlement** - We will determine the value of:

- 1. "Money" at its face value. At our option, we may value "money" issued by any country other than the United States of America in the US dollar equivalent determined by the rate of exchange on the day the loss was discovered.

- 2. "Securities" at their value on the close of business on the day the loss was discovered. At our option, we may:

- a. Replace the "securities" in kind. If we do, you must assign to us all your rights, title and interest in and to those "securities"; or

- b. Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." But we won't pay more than the cost of a bond having a penalty of the lesser of:

- (1) The value of the "securities" at the close of business on the day the loss was discovered; or

- (2) The Limit of Insurance.

- 3. "Property other than money and securities" at its actual cash value on the day the loss was discovered. At our option, we may pay the cost of:

- a. Repairing the property; or
- b. Replacing the property with other property of comparable kind and quality.

- K. **Applicable Only to Employee Dishonesty Coverage - Cancellation As To Any Employee** - Employee Dishonesty Coverage is cancelled as to any "employee":

- 1. Immediately upon discovery by:

- a. You; or
- b. Any of your partners, officers or directors not in collusion with the "employee"

of any prior dishonest act committed by that "employee" whether before or after becoming employed by you.

- 2. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last known address will be sufficient proof of notice. Delivery of notice is the same as mailing.

- L. **Applicable Only to Forgery Or Alteration Coverage** -

- 1. **Facsimile Signature** - We will treat mechanically reproduced facsimile sig-

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natures the same as handwritten signatures.

2. **Coverage Territory** - We will cover loss you sustain anywhere in the world.

VI. DEFINITIONS

- A. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- B. "Container" means a locked safe, vault, cash register, cash box or cash drawer located in the "premises."
- C. "Covered Instrument" means a check, draft, promissory note or similar written promise, order or direction to pay a sum certain in "money" that is:
 1. Made or drawn by or drawn upon you; or
 2. Made or drawn by one acting as your agent
 or that is purported to have been so made or drawn.
- D. 1. "Employee" means any natural person:
 - a. While in your service and for 30 days after termination of service;
 - b. Whom you compensate directly by salary, wages or commissions; and
 - c. Whom you have the right to direct and control while performing services for you.
2. "Employee" also means any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. This does not include any such person who has care and custody of property outside the "premises."
3. But "employee" does not mean any:
 - a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - b. Director or trustee, except while performing acts coming within the scope of the usual duties of an employee.

- E. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."

F. "Money" means:

1. Currency, coins and bank notes in current use and having a face value; and
2. Travelers checks, register checks and money orders held for sale to the public.

G. "Occurrence" means:

1. For Employee Dishonesty Coverage, all loss caused by or involving one or more "employees," whether the result of a single act or a series of acts.
2. For Forgery Or Alteration Coverage, all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
3. For all other Coverages:
 - a. An act or series of related acts involving one or more persons; or
 - b. An event, or a series of related events not involving any person.

- H. "Premises" means the interior of that portion of any building you occupy in conducting your business.

- I. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value.

- J. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

1. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
2. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you but does not include "money."

- K. "Theft" means any act of stealing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION FOR SOFTWARE AND DATA-RELATED LOSSES

This endorsement modifies provisions in the following forms:

COMMERCIAL PROPERTY COVERAGE PART

The following additional exclusion supersedes any policy provision to the contrary.

1. Except as specifically provided for in 2. of this endorsement, we will not pay for any **Software Loss**. This exclusion does not apply if the **Software Loss** results solely from direct physical loss of, or direct physical damage to, the equipment, hardware, media or device on which the program, computer software or operating systems, programming instructions, or data are transported, processed or contained.

Software Loss means loss of or damage to any program(s), computer software or operating system(s), programming instruction(s) or data arising out of or resulting from any failure, malfunction, deficiency, fault, **Virus**, deletion or corruption. **Software loss** includes, but is not limited to, loss or damage resulting from any authorized or unauthorized access in, of or to any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor (computer chip), integrated circuit or similar device in computer equipment, any program, computer software or operating systems, programming instructions or data.
2. This exclusion does not apply to direct physical loss or direct physical damage to tangible property that results from a **Software Loss**. For the purposes of this endorsement, program(s), computer software or operating system(s), programming instruction(s) and data are not tangible property.
3. **Virus** means software, data or code that affects the operation or functionality of any computer, communication system, file server, networking equipment, computer system, computer hardware, data processing equipment, computer memory, microchip, microprocessor (computer chip), integrated circuit or similar device in computer equipment, program, computer software or operating systems, programming instructions or data including, but not limited to, any destructive program, computer code, computer virus, worm, logic bomb, denial of service attack, smurf attack, vandalism, Trojan Horse or any other data introduced into any electronic system causing deletion, destruction, degradation, corruption, malfunction or compromise to your data, software or electronic business systems.

All other terms, conditions and limitations of this Policy remain unchanged.

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COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY CHANGES

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

- I. In Section I. COVERED PROPERTY, the first sentence of Paragraph A. Building is amended as follows:
 - A. Building, meaning buildings and structures at a "described premises".
- II. In Section IV. LOSS CONDITIONS, Paragraph J.2. Penalty For Underinsurance does not apply.

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COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GLASS - DEDUCTIBLE BUYBACK

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

The following provision applies with respect to Covered Property at any building listed in the Building and Personal Property Schedule to which GLASS - EXTENDED COVERAGE applies:

The following is added to the DEDUCTIBLE Section:

We will not apply any Deductible to the amount of loss of or damage to glass that is part of a building or structure.

BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	MO08912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003



ZURICH

**PRECISION PORTFOLIO POLICY
COMMERCIAL GENERAL LIABILITY DECLARATIONS
PRECISION AMERICA
WHOLESALE PROGRAM**

This coverage part consists of this declarations form, the common policy conditions, and the coverage forms and endorsements indicated as applicable on the forms list.

COVERAGES AND LIMITS OF INSURANCE

Some of these coverages are sublimits or are subject to aggregate limits. Refer to your policy to determine how they apply.

GENERAL AGGREGATE	\$2,000,000
PRODUCTS AND COMPLETED OPERATIONS AGGREGATE	\$2,000,000
EACH OCCURRENCE	\$1,000,000
TENANTS LEGAL LIABILITY	\$1,000,000
MEDICAL EXPENSES - EACH PERSON	\$ 10,000
PERSONAL INJURY AND ADVERTISING INJURY	\$1,000,000
HIRED AND NON-OWNED AUTOMOBILE LIABILITY	\$1,000,000

COMMERCIAL GENERAL LIABILITY

952008 Ed. 3-00

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07/24/2005

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BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	MO08912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003

**ZURICH**

PRECISION PORTFOLIO POLICY
 COMMERCIAL GENERAL LIABILITY DECLARATIONS
 (CONTINUED)
 PRECISION AMERICA
 WHOLESALE PROGRAM

EXCLUSIONS AND LIMITATIONS

ABSOLUTE ASBESTOS EXCLUSION
 FUNGUS EXCLUSION

COMMERCIAL GENERAL LIABILITY

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07/24/2005

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BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	M008912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003

**ZURICH**

**PRECISION PORTFOLIO POLICY
COMMERCIAL GENERAL LIABILITY SCHEDULE
PRECISION AMERICA**

LOC #	CLASS CODE	LOCATION ADDRESS (IF APPLICABLE) CLASSIFICATION NAME	RATING BASIS	ANNUAL EXPOSURE
01	50921	1728 SMALLMAN STREET PITTSBURGH PA TOY AND HOBBY SUPPLY DISTRIBUTOR	NOT APPLICABLE	INCLUDED

COMMERCIAL GENERAL LIABILITY


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07/24/2005

BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	MO08912281-001-0C001	NONE

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ZURICH

PRECISION PORTFOLIO POLICY SUPPLEMENTAL DECLARATIONS PRECISION AMERICA WHOLESALE PROGRAM

COVERAGE PART(S) AND FORM OR ENDORSEMENT NUMBER	FORM OR ENDORSEMENT NAME AND FORM OR ENDORSEMENT SUPPLEMENTAL INFORMATION
LIABILITY CG2010 0397	ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION NAME OF PERSON OR ORGANIZATION: WAKEFERN FOOD CORPORATION INC DBA SHOPRITE 355 DAVIDSON MILL ROAD JAMESBURG NJ 08831-3014
LIABILITY CG2010 0397	ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION NAME OF PERSON OR ORGANIZATION: NORDSTROM INC CORPORATE RISK MANAGEMENT 1700 7TH AVENUE SUITE 1000 SEATTLE WA 98101-4407
LIABILITY CG2026 1185	ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION SCHEDULE NAME OF PERSON OR ORGANIZATION MARJACK REAL ESTATE CORP.
LIABILITY CG2026 1185	ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION SCHEDULE NAME OF PERSON OR ORGANIZATION PILOT CORPORATION
LIABILITY CG2026 1185	ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION SCHEDULE NAME OF PERSON OR ORGANIZATION J.C. PENNY COMPANY, INC.

COMMERCIAL GENERAL LIABILITY
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07/24/2005

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BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	M008912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003

**ZURICH**

**PRECISION PORTFOLIO POLICY
SUPPLEMENTAL DECLARATIONS
PRECISION AMERICA
WHOLESALE PROGRAM**

COVERAGE PART(S) AND FORM OR ENDORSEMENT NUMBER	FORM OR ENDORSEMENT NAME AND FORM OR ENDORSEMENT SUPPLEMENTAL INFORMATION
LIABILITY CG2026 1185	ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION SCHEDULE NAME OF PERSON OR ORGANIZATION BARJAN PRODUCTS L.L.C.

COMMERCIAL GENERAL LIABILITY

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BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	M008912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003

**ZURICH**

PRECISION PORTFOLIO POLICY
SUPPLEMENTAL DECLARATIONS
PRECISION AMERICA
(CONTINUED)

COVERAGE PART(S) AND FORM OR ENDORSEMENT NUMBER		FORM OR ENDORSEMENT NAME AND FORM OR ENDORSEMENT SUPPLEMENTAL INFORMATION
LIABILITY CG2015	1188	ADDITIONAL INSURED - VENDORS
		NAME OF PERSON OR ORGANIZATION: AMMAR'S INC 710 S. COLLEGE AVENUE BLUEFIELD VA 24605-1639 YOUR PRODUCTS: .

COMMERCIAL GENERAL LIABILITY

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07/24/2005

BILL	POLICY NUMBER	TC	PRODUCER NUMBER	AC	ACCOUNT NUMBER	AUDIT
D	PAS 36821230		18840363	150	M008912281-001-00001	NONE
BRANCH Z3 ZURICH GROUP-CO						RP EFF 09/29/2003



ZURICH

**PRECISION PORTFOLIO POLICY
SUPPLEMENTAL DECLARATIONS**

PRECISION AMERICA

(CONTINUED)

COVERAGE PART(S) AND FORM OR ENDORSEMENT NUMBER		FORM OR ENDORSEMENT NAME AND FORM OR ENDORSEMENT SUPPLEMENTAL INFORMATION
LIABILITY		ADDITIONAL INSURED - VENDORS
CG2015	1188	NAME OF PERSON OR ORGANIZATION: SEVENTH AVENUE, INC. ITS SUBSID. & AFFILIATES, THEIR OFFICERS, 1112 7TH AVENUE MONROE WI 53566-1364 YOUR PRODUCTS: CONTINUATION OF NAME: DIRECTORS, AGENTS & EMPLOYE

COMMERCIAL GENERAL LIABILITY

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07/24/2005

COMMERCIAL GENERAL LIABILITY

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION II – WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V – DEFINITIONS.

Coverage provided by this form is also subject to all the Conditions in the COMMON POLICY CONDITIONS form.

QUICK REFERENCE

SECTION OF THIS FORM	BEGINS ON PAGE
Section I – Coverages	1
Coverage A. Bodily Injury and Property Damage Liability	1
Coverage B. Personal and Advertising Injury Liability	6
Coverage C. Medical Expenses	7
Supplementary Payments – Coverages A and B	7
Section II – Who Is An Insured	8
Section III – Limits of Insurance	10
Section IV – Commercial General Liability Conditions	11
Section V – Definitions	13
Section VI – Broad Form Nuclear Exclusion	16

SECTION I – COVERAGES**COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY****1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does

not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But

- (1) The amount we will pay for damages is limited as described in SECTION III – LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under

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SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

- c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly

on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the opera-

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tions are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, main-

tenance or use of aircraft or watercraft;

- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment"; or

- (6) An aircraft you do not own that you charter with crew.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises.
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage"

to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Tenants Legal Liability as described in SECTION III - LIMITS OF INSURANCE.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, in-

spection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Professional

- (1) "Bodily injury" or "property damage" arising out of the rendering or failure to render any professional service, including but not limited to:

- (a) Accounting, advertising, architectural, drafting, engineering, financial, insurance or legal services, advice and instruction;
- (b) Medical, cosmetic, dental, ear piercing, hair dressing, massage, physical therapy, veterinary, nursing, surgical or x-ray services, advice and instruction;
- (c) Use of any tanning booth, tanning bed, tanning equipment or tanning device;
- (d) Laboratory operations or services, whether medical or not; and
- (e) Services performed as a funeral director or as an operator of a cemetery; and
- (f) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.

- (2) This exclusion does not apply to:

- (a) Pharmacological services if:
 - (i) You do business as a retail drug store and do not manufacture or compound in bulk pharmaceuticals for sale by others; and
 - (ii) The "bodily injury" or "property damage" is not caused by the willful violation of a penal statute or ordinance relating to the sale of phar-

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maceuticals by or with the knowledge or consent of any insured;

- (b) Optical or hearing aid services, including the prescribing, preparation, production, mounting, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid services.

p. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through o. do not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to Tenants Legal Liability, as described in SECTION III - LIMITS OF INSURANCE.

COVERAGE B. PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But

- (1) The amount we will pay for damages is limited as described in SECTION III - LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A AND B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "cov-

erage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of the willful violation of a penal statute or ordinance committed by or at with the consent of any insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a, b. and c. of "personal and advertising injury" under SECTION V - DEFINITIONS; or
- (10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

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b. Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations; provided that:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

- a. To any insured.

b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. To a person injured on that part of premises you own or rent that the person normally occupies.

d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. To a person injured while taking part in athletics.

f. Included within the "products-completed operations hazard".

g. Excluded under Coverage A.

h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

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- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

- (2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of SECTION I – **COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

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Your subsidiaries, and subsidiaries of subsidiaries, are insureds if:

- (1) They are legally incorporated entities; and
- (2) You own more than 50% of the voting stock in them as of the effective date of this policy.

If such subsidiaries are not shown in the Declarations, you must report them to us within 180 days of the inception of this policy.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:

- (1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

- (2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exer-

cised for any purpose by you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- e. Any person or organization with whom you agree, because of a written contract, to provide insurance such as is afforded under this policy, but only with respect to liability arising out of your operations, "your work" or facilities owned or used by you.

This provision does not apply:

- (1) To any vendor, concessionaire, lessor of leased equipment, grantor of a franchise, engineer, architect or surveyor; or

- (2) Unless the contract has been signed prior to the date of "bodily injury", "property damage", or "personal or advertising injury".

- f. Any person or organization to whom you are obligated by virtue of a written "insured contract" to provide insurance such as is afforded by this policy, but only with respect to liability arising out of the ownership, maintenance, or use of that part of any premises leased to you. This does not apply to:

- (1) Any "occurrence" that takes place after you cease to be a tenant on those premises.

- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such insured.

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- g. Any state or political subdivision, but only as respects legal liability incurred by the state or political subdivision solely because it has issued a permit in connection with premises you own, rent, or control for one of the hazards listed below:
 - (1) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners or decorations and similar exposures;
 - (2) The construction, erection or removal of elevators; or
 - (3) The ownership, maintenance or use of any elevators covered by this insurance.
- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
- 4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

- 2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- b. Damages under Coverage B.

The General Aggregate Limit applies separately to each location owned by or rented to you. Location, as used here, means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

- 3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

- 4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

- 5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".

- 6. Subject to 5. above, the Tenants Legal Liability Limit is the most we will pay under

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Coverage A for damages because of "property damage" to any one premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one "occurrence".

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or "offense" took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or

legal papers received in connection with the claim or "suit";

- (2) Authorize us to obtain records and other information;

- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

- e. Knowledge of "occurrence", claim or "suit" by an agent, servant or "employee" of an insured (other than an officer or partner) does not imply knowledge by the insured unless the insured has received notice from the agent, servant or "employee".

- f. Failure by an agent, servant or "employee" of an insured (other than an "executive officer", manager or partner) to notify us of an "occurrence" will not be considered an failure to comply with paragraphs a. and b. above.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Motor Vehicle Laws

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With respect to "mobile equipment" to which this insurance applies:

- a. When this Coverage Part is certified as proof of financial responsibility under the provisions of any motor vehicle financial responsibility law, the insurance provided by the Coverage Part for Bodily Injury Liability or Property Damage Liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. We will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverages required by any motor vehicle insurance law. We will provide the required limits for those coverages.

5. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That insures for direct physical loss to premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of

SECTION I – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY.

- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any claim or "suit" if any other insurer has a duty to defend the insured against that claim or "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

6. Premium Audit

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- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

7. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

8. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

9. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

This condition does not apply to Coverage C. Medical Expenses.

10. Unintentional Errors And Omissions

Any unintentional error or omission in the description of, or failure to completely describe, any premises or operations intended to be covered by this Coverage Part

will not invalidate or affect coverage for those premises or operations. But you must report such error or omission to us as soon as practicable after its discovery.

11. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
- 2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person. This includes mental anguish, mental injury, shock, fright or death resulting from bodily injury, sickness or disease.
- 4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

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5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort li-

ability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck,

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that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

- (1) Power cranes, shovels, loaders, diggers or drills; or

- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

- (2) Cherry pickers and similar devices used to raise or lower workers;

- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment with a gross vehicle weight of 1000 lbs. or more and designed primarily for:

- (a) Snow removal;

- (b) Road maintenance, but not construction or resurfacing; or

- (c) Street cleaning;

- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;

- b. Malicious prosecution;

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

- e. Oral or written publication of material that violates a person's right of privacy;

- f. Misappropriation of advertising ideas or style of doing business; or

- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or

- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

- (a) When all of the work called for in your contract has been completed.